

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PUERTO RICO**

IN RE:

PONCE DE LEON 1403, INC.

Debtor in Possession

Case No.: 11-07920 (ESL)

Chapter 11

**NOTICE OF SALE OF TAX CREDITS AND REQUEST
FOR ALLOWANCE OF PAYMENT OF FLAT FEE COMMISSION**

TO THE HONORABLE COURT:

COMES NOW, Ponce de León, 1403, Inc., hereinafter the Debtor, through the undersigned attorney and very respectfully **STATES** and **PRAYS**:

1. The Debtor filed its Amended Plan of Reorganization on January 25, 2013 as amended by Amended Payment Schedule. (Dkt. No. 177, 315) Pursuant to Debtor's means of execution of its proposed Amended Plan and Amended Payment Schedule, the Debtor disclosed that it was in the process of requesting tax credits, which, if obtained, would provide additional revenue for the Debtor and enable it to accelerate payments to creditors.
2. On March 21, 2014, the Debtor obtained a ruling for the allowance of tax credits in the amount of \$4,995,237. Therefore on March 25, 2014, the Debtor filed with the Court the Tax Credits Certification from the Department of Treasury of the Commonwealth of Puerto Rico. Later, on March 28, 2014, the Department of Treasury issued an additional letter, where it clarified that the concession for the tax credits were available immediately, and that such credits could be used for the taxable year of 2013 and forward; that is for the immediate tax season due on April 15, 2014. *See* Dks. 324 & 347.

3. Considering that the tax credits were immediately available to the Debtor and that the offers were received in a very short period before the taxes' high season, the Debtor proceeded to sell some of the tax credits. If the offers were not accepted within this period of time the Debtor would have lost the opportunity to consummate these sales and receive net proceeds in the amount of \$2,280,179.40 in the best interest of all creditors and the estate.
4. Some of these transactions required the assistance of a broker or a financial institution which represented a flat fee expense of 1.5% from the sales price for Popular Securities and 1% of the sales price for Spectrum Group. The details regarding the tax credits that were sold, are as follows¹:

| Client | Tax Credit Amount | Purchase Price | Amount of commission to be paid | Paid to: |
|------------------------------|--------------------------|-----------------------|--|--------------------|
| Francisco J. Tirado González | \$105,000.00 | \$92,925.00 | - | - |
| Eduardo R. Emanuelli Belaval | \$60,000.00 | \$53,100.00 | - | - |
| Ramón A. Lozada Guzmán | \$50,000.00 | \$44,500.00 | - | - |
| Juan H. Vidal Pagan | \$43,500.00 | \$39,367.50 | \$435.00 | Spectrum Group |
| Maria Elena Vazquez Graziani | \$145,300.00 | 132,223.00 | \$2,179.50 | Popular Securities |
| Vargas Spine Institute, PSC | \$678,310.00 | \$613,870.55 | \$10,174.65 | Popular Securities |
| JPICA & CIA | \$480,000.00 | \$434,400.00 | \$7,200.00 | Popular Securities |
| JPICA & CIA | \$1,000,000.00 | \$905,000.00 | \$15,000.00 | Popular Securities |

¹ See Exhibit 1 bill of commission of the Brokers.

5. It should be noted that the sale of these tax credits provided an average of 89% return to the Debtor higher than the forecasted 85% value². If these offers were not accepted at the time and if these transactions were not completed within a short period of time, the Debtor would have lost the opportunity to obtain revenues in the amount of \$2,280,179.40.
6. Therefore, immediately after the Debtor sold the above referenced tax credits, on April 23, 2014, the Debtor provided full disclosure through the motion to inform the sale of the tax credits. (Dkt. No. 374)
7. Additional disclosure and details were provided in open court during the hearing held on April 24, 2014. The Court agreed during the hearing that the sale of the tax credits was in the best interest of the estate and all parties involved.
8. As of this date, the Debtor still has tax credits available in the amount of \$2,433,127.00 and it expects to sell this remaining portion within the near future. The proceeds of these sales will be used for the funding of Debtor's proposed Plan of Reorganization. Therefore the sale of tax credits is in the benefit of the Debtor, the estate and all parties in interest.
9. The Debtor sustains that an average of 85% to 89% of their face value is fair and equitable considering the fair market value of the tax credits and the projections in the Amended Plan of Reorganization.
10. Section 1107 of the Bankruptcy Code, subject to certain limitations which are not applicable to the case at bar, grants a debtor-in-possession all the rights of a trustee serving in a case under Chapter 11 including the right to sell property in the ordinary course of business for its reorganization. *See* 11 USC §1107.

² Debtor's Amended Plan of Reorganization projected that the tax credits would be sold at 85% of their face value.

11. Section 363(b)(1) of the Bankruptcy Code grants the trustee or the Debtor-in-possession, after notice and a hearing, the power to sell property of the estate, other than in the ordinary course of business. *See* 11 USC §363(b)(1).
12. Therefore, the Debtor herein, very respectfully requests this Honorable Court that it enters an order approving “*nunc pro tunc*” the sale of the tax credits that have already taken place, approve the continued sale of tax credits until completely sold and approve the 1.5% flat fee commission as billed to Popular Securities and 1% to Spectrum Group³. *See* Exhibit 1, *supra*.
13. As a result of the foregoing and the Debtor’s need to pay the commissions detailed above, it is requested that the Court shorten the time to object to this notice and direct that objections, if any, be filed within the next seven (7) days pursuant to the provisions of FRBP 9006, and that in the event that an objection is filed, the Court set a hearing at its earliest convenience.
14. Furthermore, the Debtor very respectfully requests authorization to continue selling the remaining tax credits under similar terms and conditions.

NOTICE TO ALL CREDITORS AND PARTIES IN INTEREST

You are herein notified that within seven (7) calendar days after service as certified below, or such other time as the court may order hereafter, any party having any objection to the proposed sale of the property, shall serve and file an objection or other appropriate response thereto with the Clerk’s Office of the U.S. Bankruptcy Court for the District of Puerto Rico. If no objection or other response is filed within the time allowed herein, the proposed sale will be deemed unopposed and may be deemed automatically granted, unless: (1) the requested relief is forbidden by law; (2) the requested relief is against public policy; or (3) in the opinion of the Court, the interests of justice require otherwise.

³ The flat fee to Spectrum Group had been previously detailed as 1.5%.

WHEREFORE for reasons stated above, the Debtor very respectfully requests that this Honorable Court (i) enters an order approving the sale of the tax credits that has already taken place, (ii) approve the continued sale of tax credits until completely sold under similar terms and conditions, (iii) approve the flat fee commission as billed by Popular Securities and Spectrum Group and (iv) shorten the time to file objections to this motion for sale to seven (7) days.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico this 29th day of April, 2014.

I HEREBY CERTIFY that on this date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System, which will send notification of such filing to the following parties detailed below, including the US Trustee. I further certify that a copy of this Notice of Sale was served to all creditors and parties in interest as per the address master list.

C. CONDE & ASSOC.

S/Carmen D. Conde Torres, Esq.

Carmen D. Conde Torres, Esq.

USDC No. 207312

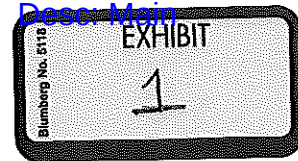
254 San José Street, 5th Floor

San Juan, Puerto Rico 00901

Telephone: 787-729-2900

Facsimile: 787-729-2203

E-Mail: condecarmen@microjuris.com



INVOICE

April 28, 2014

Mr. Paul L. Lavergne Arostegui
Ponce De León 1403, Inc.
PO Box 71464
San Juan, PR 00936-8564

Re: Sale of Ponce de Leon 1403, Inc. tax credits

The following amount is respectfully requested in connection to the sale of the tax credits detailed below:

| Client Name | Tax Credit Amount | Gross Price (%) | Gross Price (\$) | PS Fees (including legal expenses) | PS Fees (including legal expenses) | Net Price to Ponce de Leon 1403 (%) | Net Price to Ponce de Leon 1403 (\$) |
|------------------------------|-------------------|-----------------|------------------|------------------------------------|------------------------------------|-------------------------------------|--------------------------------------|
| JPICA & CIA, INC. | 1,480,000.00 | 90.500% | 1,339,400.00 | 1.50% | 22,200.00 | 89.000% | 1,317,200.00 |
| Vargas Spine Institute, PSC | 678,310.00 | 90.500% | 613,870.55 | 1.50% | 10,174.65 | 89.000% | 603,695.90 |
| María Elena Vázquez Graziari | 145,300.00 | 91.000% | 132,223.00 | 1.50% | 2,179.50 | 89.500% | 130,043.50 |
| | \$ 2,303,610.00 | | \$ 2,085,493.55 | | \$ 34,554.15 | | \$ 2,050,939.40 |

*****\$34,554.15*****

Please remit check to:

*Popular Securities, Inc.
Popular Center
208 Ponce de León Ave., Suite 1200
San Juan, Puerto Rico 00918
Attn: Gian Piovanetti*

Wire instructions:

*Citibank NYC ABA 021000089
Citibank PR acct. 10991506
Popular Securities, Inc. acct. 0425051024
RE: Tax Credits*

INVOICE

THE SPECTRUM GROUP
1806 McLeary Street, Suite 1-b
Condado, PR 00911

28 DE ABRIL 2014

TO:

Ponce de León 1403, Inc.
San Juan, PR

FOR:

Créditos Contributivos

| DESCRIPTION | AMOUNT |
|---|----------|
| Venta de Créditos Contributivos del Proyecto Metro Plaza Towers | \$435.00 |
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| | |
| TOTAL | 435.00 |

Make checks payable to : The Spectrum Group
SS # 030687365

By: Bob O'Brien

Thank you for your business!

Label Matrix for local noticing
0104-3
Case 11-07920-ESL11
District of Puerto Rico
Old San Juan
Tue Apr 29 13:31:37 AST 2014

Banco Popular de Puerto Rico
O'Neill & Borges
250 Ave Munoz Rviera Suite 800
San Juan, PR 00918-1813

C. Conde & Assoc.
254 San Jose St., Suite 5
San Juan, PR 00901-1523

PONCE DE LEON 1403 INC
PO BOX 362066
SAN JUAN, PR 00936-2066

QB Construction
1550 Ponce de Leon
San Juan, PR 00909-1762

STATE INSURANCE FUND
PO BOX 365028
SAN JUAN, PR 00936-5028

US TRUSTEE
EDIFICIO OCHOA
500 TANCA STREET SUITE 301
SAN JUAN, PR 00901-1922

US Bankruptcy Court District of P.R.
Jose V Toledo Fed Bldg & US Courthouse
300 Recinto Sur Street, Room 109
San Juan, PR 00901-1964

AAA
PO BOX 70101
SAN JUAN PR 00936-8101

ATLANTIC MASTER PARKING SERVICES INC
PMB 442 90 AVE RIO HONDO
BAYAMON, PR 00961-3148

BANCO POPULAR DE PUERTO RICO
PRESTAMOS ESPECIALES 733
PO BOX 362708
SAN JUAN PR 00936-2708

BEAUCHAMP PROPERTY MANAGEMENT
C-1 AE-12 URB ALTAMIRA
TOA BAJA PR 00949

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CON WASTE
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SAN JUAN PR 00908-2487

CONWASTE
PO BOX 1322
GURABO PR 00778-1322

CRIM
PO BOX 195387
SAN JUAN PR 00919-5387

DEPARTMENT OF TREASURY
BANKRUPTCY DIVISION
PO BOX 9024140
SAN JUAN PR 00902-4140

DEYA ELEVATORS SERVICES
PO BOX 362411
SAN JUAN PR 00936-2411

Department of Treasury-
Bankruptcy Section (Suite 1504)
235 Ave. Arterial Hostos
San Juan Puerto Rico 00918-1451

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URB GOLDEN VILLAGE
VEGA ALTA PR 00692

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URB TORRIMAR STATE
CALLE MAIN NO G-3
GUAYNABO PR 00969-3232

LUIS MAYMI AQUAZUL
URB TORRIMAR STATE
CALLE MAIN NO G-3
GUAYNABO PR 00969-3232

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QB CONSTRUCTION INC
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BO RIO LAJAS
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C CONDE & ASSOCIATES
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